

**NON-EXCLUSIVE SEISMIC PERMIT
and
GEOPHYSICAL AGREEMENTS AVAILABLE ON STATE-OWNED
LANDS and WATER BOTTOMS
INCLUDING
LANDS and WATER BOTTOMS under the JURISDICTION of the
WILDLIFE and FISHERIES COMMISSION and/or
DEPARTMENT OF WILDLIFE and FISHERIES**

Currently, there is one (1) type of **Non-Exclusive** seismic permit and three (3) types of **Exclusive** geophysical agreements available for use on state-owned lands and water bottoms. Listed below is a summary of the particulars related to each type, preceded by some general and procedural information related to all types:

**GENERAL AND PROCEDURAL INFORMATION
FOR APPLYING FOR A NON-EXCLUSIVE SEISMIC PERMIT**

A party desiring a **Non-Exclusive Seismic Permit** must submit a properly completed application to Mr. Victor M. Vaughn, Acting Assistant Secretary, OMR, at the address below.

Any questions pertaining to properly completing the application should be addressed to James Taylor, Office of Mineral Resources (OMR), jamest@dnr.state.la.us, or call 225-342-5285.

- a. An application for a non-exclusive seismic permit must be submitted in triplicate to: **Mr. Victor M. Vaughn, Acting Assistant Secretary**
Office of Mineral Resources
Louisiana Department of Natural Resources
617 N. Third Street, 8th Floor
Baton Rouge, La. 70802
or
P.O. Box 2827
Baton Rouge, La. 70821-2827
- b. The permit is issued by the OMR and is valid for a period of twelve (12) months.
- c. No extension of time to the 12 month period will be granted.
- d. Permits may also be issued to other parties within the same survey area during the same twelve (12) month period.
- e. The permit authorizes the permittee to conduct geophysical and/or geological operations on state-owned lands and water bottoms, including lands and water bottoms under the jurisdiction of the Wildlife and Fisheries Commission and/or Department of Wildlife and Fisheries (WFC/DWF).
- f. The permit will be issued to the applicant upon approval and receipt of a properly completed application. Detailed information for properly completing a seismic permit application may be found within the permit application form.
The application should be accompanied with an acceptable base map,

such as a Tobin or USGS quadrangle with the proposed survey area outlined, with X,Y's indicated for each corner of the outline, using NAD/SPCS 27, La. N or S. Active state lease boundaries should be clearly depicted with state lease numbers and acreage within the survey indicated. State lands and water bottoms should be clearly outlined, with acreage depicted as well. For help with state lands or water bottoms within the survey outline, please refer to the State Land Office, (225) 342-4578, attention John Evans or Bobby Freyou. Property under the jurisdiction of the WFC/DWF should also be similarly depicted. Wildlife and Fisheries questions should be directed towards Mike Windham at (504) 568-5888. An acceptable hard copy base map must be accompanied by a diskette containing a .dxf file, that when constructed contains only the boundary of the proposed survey, X, Y's should match the X, Y's from the hard copy map, and there should be no additional lines, labels, text or graphics included within the boundary.

- g. The applicant is requested not to include any payment when filing the application. The permit fee will be calculated by the OMR seismic staff using the acreage and planimeted information provided in the application. The applicant will later be notified as to what the fee will be. Upon receipt of payment by OMR, the application will then be fully processed for final approval.
- h. If the area to be surveyed is for 3D coverage on open, unleased state lands and water bottoms a maximum charge of \$10.00 per acre will be required, or a minimum of \$1000, whichever is greater. All 3D surveys to be conducted on lands and water bottoms under the jurisdiction of the WFC/DWF including wildlife management areas, wildlife refuges, etc. will require a maximum permit fee of \$15.00 per acre.
- i. If the area to be surveyed is for 2D coverage only, on either state-owned lands and water bottoms or lands and water bottoms under the jurisdiction of the WFC/DWF, then the amount of the permit fee is \$200 per line mile, or \$1000, whichever is greater.
- j. If the area is surveyed using a technique other than 2D or 3D, (e.g. refraction, geochemical, gravity or magnetics, etc.) then the fee will be determined at the time of the application.
- k. The State may also lease acreage within the seismic permitted area during the twelve (12) month term of the non-exclusive seismic permit. However, the lessee must deal with the seismic permittee to allow the conduct of seismic operations over the leased area, if necessary.
- l. Likewise, the permittee is subject to any prior seismic permits, leases or other agreements already in existence on that acreage at the time said non-exclusive seismic permit is issued.
- m. The permittee is required to allow the OMR to review any and all geophysical or geological data acquired under the permit, all in a format acceptable to the OMR, at permittee's facilities or a facilities designated by the OMR, during the acquisition phase and within 30 days of the completion of final processing of the data, but no later than 6 months after the completion date of the survey.
If the permittee agrees to do so, the permittee may deliver a copy of the geophysical or geological data mentioned above to the OMR within 30 days of the completion of final processing of the data, but no later than 6 months after the completion date of the survey for its use and/or

ownership.

GENERAL AND PROCEDURAL INFORMATION FOR APPLYING FOR AN EXCLUSIVE GEOPHYSICAL AGREEMENT

A party desiring to apply for an **Exclusive Geophysical Agreement (EGA), Type I, II or III** must first contact the OMR through Mr. James Taylor, at (225) 342-5285 or in his absence, Mr. David Meloy, Geological Supervisor, (225) 342-6119. A date and time will then be arranged for the nominating party to meet with the OMR staff to review the applicant's objectives.

The purpose of the meeting will be for the prospective applicant to present the area of interest and the type of EGA being requested to the staff for their review. The applicant should present an acceptable base map, such as a Tobin or USGS quadrangle with the proposed survey area outlined, with X, Y's indicated for each corner of the outline. Active state lease boundaries should be clearly depicted with state lease numbers and acreage within the survey indicated. State lands and water bottoms should be clearly outlined, with acreage depicted as well. For help with state lands or water bottoms within the survey outline, please refer to the State Land Office, (225) 342-4578, attention John Evans or Bobby Freyou. Property under the jurisdiction of the Wildlife and Fisheries Commission/Department of Wildlife and Fisheries (WFC/DWF) should also be similarly depicted. Wildlife and fisheries questions should be directed towards Mike Windham at (504) 568-5888.

The staff will determine if an EGA should be granted in the area of interest and will also decide under what special conditions, if any, the EGA should be considered. The type of EGA requested and the level of leasing activity in the area are some of the determining factors used by the staff in considering an EGA. For example, an area experiencing leasing activity may or may not be considered appropriate for an EGA because the area would have to be taken out of commerce for a minimum of 18 months or maximum of (2) years.

After the area to be nominated has been presented to the staff for review, the area will be evaluated in order to set the minimum terms for seismic fee, bonus amount and royalty. The interested party will then be provided with this information. If accepted by the party, then these minimums will be recommended to the Board for their approval. All information given to the staff by the applicant will be held confidential, including the area to be nominated. However, until the prospective area has been approved for nomination by the Board, seismic permitting and leasing will still be allowed within the area to be nominated. Additionally, other parties interested in nominating the same area for one of the EGA's will similarly be met with and heard by the staff. However, no party will be apprized of the any other's interest in the same area. If there are multiple parties interested in nominating the same or overlapping areas, the Board will choose which applicant will be accepted. Approval of any area, as well as the size of the area to be nominated in an EGA is generally determined by, but not limited to, considerations of the leasing, drilling and exploration activities in the area as well as the overall benefits to the State that may be derived as a result of the area being nominated.

Upon Board approval, the applicant may then apply to the OMR Leasing Section to nominate the area for the designated lease sale for public bidding. A nomination letter, including plat and legal description of the area, with an application fee of \$400 must then be submitted according to the date schedule set by the Leasing Section. The full description, all provisions, minimum bonus, royalty, type and terms of the EGA will then be advertised, as prescribed by

State law. Generally, the process is similar to mineral leasing, and the complete process, in most cases, will take two to three months to accomplish. The EGA is a contract agreement that is not assignable.

Bids above the aforementioned minimums will be considered, but bids below those minimums will be rejected. Likewise, no portion bids will be accepted on an area nominated for any of the EGA's.

All EGA's require full-fold 3D coverage over the entirety of the nominated state acreage to the fullest extent possible.

The applicant shall present for review any and all geophysical or geological data acquired under the permit, in a format acceptable to the OMR, at applicant's facilities or facilities designated by the OMR, during acquisition and all subsequent phases of operations, including reprocessing. However, when agreed to between the State and applicant, as evidenced by inclusion as Additional Consideration on the bid form, the applicant shall deliver to the OMR, within the same time frame, the aforementioned geophysical and geological data, in a format acceptable to the OMR for its use and/or ownership.

The applicant is required to submit a written weekly report to the OMR, summarizing the daily operations of the seismic crew, including commencement and completion dates of the survey, for review or, when applicable as herein above set forth, for ownership. Additionally, a post-plot or bin center map will be delivered to the OMR upon completion of the survey for its review or, when applicable as herein above set forth, the applicant shall deliver the post-plot or bin centered map to the OMR for its use and/or ownership.

Penalties of 100% of the awarded bid price may be payable by the grantee for failure to perform any of the requirements written in the Agreement.

Please direct all information or inquiries to Mr. James Taylor, OMR, 225-342-5285.

Exclusive Geophysical Agreement I is let on the following basis:

- a. This agreement shall be available for the primary purpose of conducting 3D seismic operations only. Other types of geophysical or geological data may be acquired, but will be in addition to the primary 3D data required.
- b. The area to be covered by this agreement will be nominated and advertised, similar to a mineral lease, with the description set forth in X/Y Lambert coordinates.
- c. The staff will determine the minimum seismic fee to be recommended to the Board for its approval.
- d. The nominated acreage will be advertised on the same delay basis as nominations for leases, which advertisement will state the seismic agreement sought and the minimum acceptable seismic fee.
- e. The term of the EGA I is eighteen (18) months with an option for an additional six (6) months which shall be granted to the bid winner upon its written request before the end of the original eighteen (18) month term and upon payment of a sum equal to one-half (1/2) of the original amount paid for the seismic agreement.

- f. The seismic agreement will be subject to any existing seismic permits, leases or other agreements with the State in the nominated area at the time the seismic agreement is awarded.
- g. The State will not grant any new seismic agreements or permits in the nominated area during the Initial Term of this seismic agreement, or the Option Term, if activated. However, the State will exercise its rights and prerogatives to accept any or all nominations for mineral leases within the seismic agreement area during the Initial Term or the Option Term, if activated. Any new mineral leases granted during the term of the EGA will be subject to the provisions within the agreement and the EGA applicant will not have to deal with any State lessee in order to conduct seismic operations over the leased acreage.
- h. The OMR will be provided access to any and all geophysical and geological data acquired under the permit for its review during the acquisition and all subsequent phases of operations. The OMR, if mutual agreement is reached between the State and applicant, will receive copies (hard copies and digital tapes) of all fully processed and migrated 3-D seismic data and any other data, including 2D seismic, geochemical, gravity (air or surface), magnetic (air or surface) and any other type of geophysical and geological data acquired, no later than 6 months after the completion of the survey and the acquisition of the field data, and/or, no later than 30 days after the completion of all processing. Unless permission is obtained from the grantee, or unless required to disclose same by law or by court order, all 3D seismic data sets acquired by the OMR staff from the grantee will be held confidential in perpetuity.

Exclusive Geophysical Agreement II is let on the following basis:

- a. This type of seismic agreement shall be available for the primary purpose of conducting 3D seismic operations only. Other types of geophysical or geological data may be acquired, but will be in addition to the primary 3D data required.
- b. The area to be covered by this agreement will be nominated and advertised just as a lease with the description set forth in X/Y Lambert coordinates.
- c. The staff will determine the minimum seismic fee, bonus price per acre and royalty to be recommended to the Board for its approval.
- d. The nominated acreage will be advertised on the same delay basis as nominations for leases, which advertisement will state the seismic agreement sought and the minimum acceptable seismic fee, bonus price per acre and royalty in any bids received.
- e. The term of the EGA II is eighteen (18) months with an option for an additional six (6) months which shall be granted to the bid winner upon its written request before the end of the original eighteen (18) month term and upon payment of a sum equal to one-half (½) of the original amount paid for the seismic agreement.
- f. The seismic agreement will be subject to any existing seismic permits, leases or other agreements with the State in the nominated area at the time the seismic agreement is awarded.

- g. The State will not grant any new seismic permits or agreements on, or lease the nominated acreage, or any part thereof, during the Initial Term of this seismic agreement, or the Option Term, if activated, except that a buffer zone of one-half ($\frac{1}{2}$) mile around each pre-existing lease or Operating Agreement within the nominated area will be in effect. The buffer zone shall be open for nomination for leasing only during the Initial Term of this seismic agreement, or the Option Term, if activated, and only by the mineral lessee or by the EGA awardee.
- h. The OMR will be provided access to any and all geophysical or geological data acquired under the permit for its review during the acquisition and all subsequent phases of operations. The OMR, if mutual agreement is reached between the State and Grantee, will receive copies (hard copies and digital tapes) of all fully processed and migrated 3D seismic data and any other data, including 2D seismic, geochemical, gravity (air or surface), magnetic (air or surface) and any other type of geophysical and geological data acquired, no later than 6 months after the completion of the survey and the acquisition of the field data, and/or, no later than 30 days after the completion of all processing.
Unless permission is obtained from the grantee, or unless required to disclose same by law or by court order, all 3D seismic data sets acquired by the OMR staff, from the grantee, will be held confidential in perpetuity.
- i. The Grantee, the successful bidder for an EGA II, may **exclusively nominate** tracts for leasing for the normal public bid mineral lease sale, which will be limited in size to 1500 acres per tract with an aggregate amount not to exceed one-third ($\frac{1}{3}$) of all state acreage within the geographical boundaries of the Agreement area, within the Initial Term or within the Option Term, if activated.
- j. The Grantee of an EGA II prior to exercising its exclusive right to nominate acreage, to the extent of size limitation as set out above, shall, through mutual agreement between the State and Grantee, provide the OMR copies of the final processed and migrated seismic data, as set out in Item (h) above.

Exclusive Geophysical Agreement III is let on the following basis:

- a. This agreement shall be available for the primary purpose of conducting 3D seismic operations only. Other types of geophysical or geological data may be acquired, but will be in addition to the primary 3D data required.
- b. The area to be covered by this agreement will be nominated just as a lease with the description set forth in X/Y Lambert coordinates.
- c. The staff will determine the minimum seismic fee, bonus price per acre and royalty to be recommended to the Board for its approval.
- d. The nominated acreage will then be advertised on the same delay basis as nominations for leases, which advertisement will state the seismic agreement sought and the minimum seismic fee, bonus price per acre and royalty in any bids received.
- e. The term of the EGA III is eighteen (18) months with an option for an additional six (6) months which shall be granted to the bid winner upon

written request before the end of the original eighteen (18) month term and upon payment of a sum equal to one-half (1/2) of the original amount paid for the seismic agreement.

- f. The seismic agreement will be subject to any existing seismic permits, leases or other agreements with the State in the nominated area at the time the seismic agreement is granted.
- g. The State will not grant any new seismic permits or agreements on, or lease the nominated acreage, or any part thereof, during the Initial Term of this seismic agreement, or the Option Term if activated, except that a buffer zone of one-half (1/2) mile around each pre-existing lease or Operating Agreement within the nominated area will be in effect. The buffer zone shall be open for nomination for leasing only during the Initial Term of this seismic agreement, or the Option Term, if activated, and only by the mineral lessee or by the EGA awardee.
- h. The OMR will be provided access to any and all geophysical or geological data acquired under the permit for its review during the acquisition and all subsequent phases of operations. The OMR, if mutual agreement is reached between the State and Grantee, will receive copies (hard copies and digital tapes) of all fully processed and migrated 3D seismic data and any other data, including 2D seismic, geochemical, gravity (air or surface), magnetic (air or surface) and any other type of geophysical and geological data acquired, but no later than 6 months from the date of completion of the survey and the acquisition of field data, and/or, no later than 30 days after the completion of all processing. Unless permission is obtained from the Grantee, or unless required to disclose same by law or by court order, all 3D seismic data sets acquired by the OMR staff from the grantee will be held confidential in perpetuity.
- i. The Grantee, the successful bidder for an EGA III, shall have the **exclusive right**, prior to the end of the Initial Term or the Option Term, if activated, to select tracts for leasing of not more than 1500 acres per tract each, with the total acreage of all selected tracts not to exceed more than one-third (1/3) of all State acreage within the geographical boundaries of the nominated area. However, the Grantee of an EGA III prior to exercising its exclusive right to select tracts for lease shall, through mutual agreement between the State and Grantee, provide the OMR copies of the final processed and migrated seismic data, as set out in Item (h) above.
- j. The Grantee of an EGA III shall have the exclusive right to enter into lease agreements with the State on each tract for the consideration originally bid (which shall not be less than the minimum acceptable per acre bonus and royalty as determined by the Mineral Board staff) and under the terms of the Louisiana State Lease Form, Revised 1981, as amended. The forms for the agreements set forth above may be modified by the Board, at its option, at any time, but such modifications shall not affect existing agreements. Potential nominators should check with the OMR for any such modifications.